



Department of Energy

Washington, DC 20585

APR 06 2001

Mr. Steve Redeker
Manager, Plant Closure and Decommissioning
Sacramento Municipal Utility District
P.O. Box 15830
Sacramento, CA 95852-1830

Dear Mr. Redeker:

The Department has received your letter of January 22, 2001, providing notice of your plans to begin the loading activities at the Rancho Seco Independent Spent Fuel Storage Installation in spring 2001. The Department has no current plans to observe these operations.

Your letter also raises several other questions related to the Department's acceptance of Nuclear Regulatory Commission (Commission) certified dual-purpose storage/transport systems under the disposal contract between SMUD and the Department. As you have indicated, the Department has previously stated its willingness to initiate the appropriate actions to include such dual-purpose storage/transport systems as acceptable waste forms under the terms of the disposal contract.

As requested in your letter, and in accordance with the commitment made in our previous correspondence, the Department will initiate actions to include storage systems certified by the Commission for both transportation and storage (dual-purpose systems) as acceptable waste forms under the disposal contract with SMUD. We are in the process of identifying the extent of and methods for effecting such contract modifications, including the development of specifications that may be placed on "Standard" dual-purpose systems, where "Standard" refers to canistered spent nuclear fuel that could be accepted as if it were standard spent nuclear fuel under the contract.

While the Department continues to believe in the overall benefits that may accrue to a multi-purpose storage/transport/disposal system, we are unable at this time to complete final design and acceptance criteria for the disposability aspects of such a system for commercial spent nuclear fuel. However, since there may be some benefit during disposal attributable to the integrity of zirconium-based cladding, the Department would prefer that reasonable efforts be made to preclude further degradation of the cladding during storage or transport.



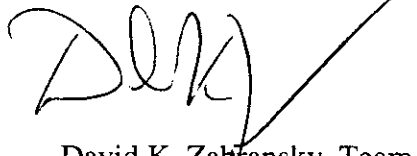
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It is our current expectation that after receipt at the repository, dual-purpose systems will be opened and the spent nuclear fuel removed for placement in a waste disposal package unless the internal canister can be demonstrated, and Nuclear Regulatory Commission licensed, as part of the final waste disposal package assembly. Therefore, in order for a dual-purpose system to be classified as "Standard," we anticipate that, at a minimum, it must provide that the spent nuclear fuel stored allows for its unloading and handling like an intact fuel assembly. Dual-purpose systems that can not be unloaded and handled in the same manner as an intact assembly will be classified as "Non-standard" under the terms of the contract.

Your letter also requests that the Department afford SMUD's spent nuclear fuel advanced acceptance due to the permanently shutdown status of your facility. The Department has previously considered such requests for other similarly-situated contract holders, and has determined that such priority acceptance cannot be granted without adversely impacting other contract holders in the waste acceptance queue. Instead, we suggest you explore utilizing the provisions of the contract that allow contract holders to advance the acceptance of their spent nuclear fuel by trading acceptance allocations with other contract holders. I have enclosed a copy of a previous letter from Mr. Barrett on this subject for your information.

When we have further developed our ideas regarding modifications to the disposal contract, we will contact you to schedule discussions on this matter. If you require any further information, please contact me at 202-586-9198.

Sincerely,

A handwritten signature in black ink, appearing to read 'DKZ', followed by a long diagonal stroke extending to the right.

David K. Zabransky, Team Leader
Waste Acceptance and Transportation

Enclosure